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14 The Roman Catholic Bishop of Santa Rosa

15 UNITED STATES BANKRUPTCY COURT
16 NORTHERN DISTRICT OF CALIFORNIA
17 SANTA ROSA DIVISION

18 In re:

19 THE ROMAN CATHOLIC BISHOP OF
20 SANTA ROSA,

21 Debtor In Possession.

CASE NO. 23-10113

Chapter 11

Date: March 16, 2023
Time: 1:00 p.m.
Location: 1300 Clay Street, Ctrm. 215
Oakland, CA 94612
[In person or via Zoom]
Judge: Hon. Charles Novack

Order Shortening Time

22 **DECLARATION OF DEACON JOE OBERTING IN SUPPORT OF CHAPTER 11**
23 **PETITION AND FIRST DAY MOTIONS**

24 I, Deacon Joe Oberting, hereby declare under penalty of perjury as follows:

25 1. I am the Chief Financial Officer (“CFO”) of The Roman Catholic Bishop of Santa
26 Rosa, the Debtor and Debtor in Possession herein (the “Debtor in Possession”). I have been the
27 CFO since January 18, 2021. I was ordained a Deacon on September 3, 2016. I served as Principal
28 of St. John the Baptist Catholic School from July 1, 2018, to September 30, 2020. I have been
affiliated with the Diocese as a parishioner for over 20 years. I am authorized to provide this

1 declaration setting forth the general structure and history of The Roman Catholic Bishop of Santa
2 Rosa ("RCBSR"). In the course and scope of my duties as CFO, I am familiar with the record
3 keeping practices and policies of the RCBSR and how it regularly maintains its business records.

4 2. All facts set forth in this Declaration are based on my personal knowledge, upon
5 information supplied to me by people who report to me, upon information supplied to me by the
6 RCBSR's professionals and consultants, upon my review of relevant documents, or upon my
7 opinion based on my experience and knowledge with respect to the RCBSR's operations, financial
8 condition, and related business issues. The documents submitted herewith, referenced herein or
9 otherwise relied upon by me for purposes of this Declaration are the business records of the
10 RCBSR, prepared and kept in ordinary and regularly conducted business activity of the RCBSR,
11 and used by me for those purposes. If I were called upon to testify, I could and would testify
12 competently to the facts set forth herein, and I am authorized to submit this Declaration on behalf
13 of the RCBSR.

14 3. On March 13, 2023, the RCBSR initiated this case by filing a voluntary Chapter 11
15 Petition ("Petition Date").

16 A. Description of the Diocese of Santa Rosa

17 4. The current Bishop of the RCBSR is Bishop Robert F. Vasa who was appointed
18 June 30, 2011.

19 5. The Diocese of Santa Rosa (the "Diocese")¹ was created from portions of the
20 Sacramento Diocese and San Francisco Archdiocese in 1962, and now includes 42 parishes some
21 of which have missions associated with them ("Parishes"). The Diocese consists of approximately
22 178,443 Catholics in the counties of Sonoma, Napa, Mendocino, Lake, Humboldt, and Del Norte
23 covering approximately 11,711 square miles. While the Diocese is geographically large and very
24 diverse, demographically it remains the smallest of California's dioceses. Diocesan priests and
25 permanent deacons, along with priests, brothers and nuns from multiple religious orders serve
26 parishes, schools, Catholic hospitals and do other outreach within the Santa Rosa Diocese.

27 ¹ The term "Diocese" is used herein exclusively to refer to geographic territory under the
28 jurisdiction of the RCBSR, and the terms RCBSR, Debtor, or Debtor in Possession are used herein
exclusively to refer to the secular legal embodiment of the Diocese.

1 6. The primary role of the RCBSR is to provide resources, spiritual leadership,
2 direction, support, planning, programming, leadership development and other services to
3 individuals of the Roman Catholic faith, the 42 Parishes, two Catholic high schools (Cardinal
4 Newman High School in Santa Rosa and parish school St. Vincent de Paul High School in
5 Petaluma), numerous elementary schools, private schools, cemeteries and various other Catholic-
6 based social and community service organizations that operate in the Diocese. The RCBSR has 20
7 lay employees and 2 clergy employees, not counting priests or religious.

8 7. As a religious organization, the RCBSR has no significant ongoing for-profit
9 business activities or business income. The RCBSR's receipts principally come from the annual
10 ministry appeal (held in trust for named ministries only), fees for services provided to the Non-
11 Debtor Catholic Entities (defined below), donations, grants, and RCBSR ministry revenue. The
12 RCBSR's fiscal 2023 operating budget is approximately \$12.5 million. The RCBSR operates on a
13 fiscal year ending June 30.

14 8. The Debtor in Possession will file its schedules shortly after the Petition Date. The
15 petition indicates assets exceeding \$10 million and liabilities ranging \$10 million to \$50 million.

16 B. Legal Structure of the RCBSR and Parishes and other Non-Debtor Catholic Entities

17 9. Since its inception and incorporation in 1962, the RCBSR has been and continues
18 to be a California corporation sole. When the Diocese was created, most, if not all, of the real
19 property of the Parishes was conveyed to the RCBSR for the benefit of each parish. From that time
20 until late 2016 and during 2017, the Parishes operated as separate juridic persons under Canon law.
21 Currently, the RCBSR holds legal title to most of the parish real property in resulting trust for the
22 parishes' benefit. The Roman Catholic Welfare Corporation of Santa Rosa (the "RCWC") also
23 was created in 1962 as a California nonprofit corporation. The RCWC holds title to most, if not
24 all, of the real property of the Catholic elementary and high schools in the Diocese for the benefit
25 of those entities.

26 10. Beginning in late 2016 and during 2017, the Diocese reorganized into its current
27 structure. The Parishes in existence at that time were each organized and currently operate as
28 separate corporations sole pursuant to California corporate law, applicable Canon Law and Statutes

1 for Parish Corporations of the Diocese. Thus, each Pastor of a parish is the person in charge of the
2 parish under California and Canon law. However, with one exception, there were no transfers of
3 real or personal property to the Parishes at this time.² Each of the Parishes pays all of the expenses
4 of operation and maintenance of their real property, including any applicable property taxes. If a
5 parcel of real property of a parish is sold, the sale proceeds go to that parish. Generally, each Parish
6 is run by the Pastor assisted by a parish finance council who for certain decisions needs finance
7 council consent. *See* Parish Finance Management Handbook Section 2.11 at pg. 4. Each Parish,
8 parish school and parish cemetery keeps track of and manages its own finances.

9 11. Several other separate and independent Catholic entities operate within the territory
10 of the Diocese along with the RCWC and Parishes. The Catholic Community Foundation of the
11 Diocese of Santa Rosa (“CCF”) was incorporated in 1995 under California law as a nonprofit public
12 benefit corporation. In 2003, the CCF filed restated articles of incorporation changing its form to
13 a California non-profit religious corporation. The restated articles of incorporation state that the
14 purpose of the CCF is the financial support of the various religious, charitable, and educational
15 activities carried on from time to time by the Diocese, and its parishes and affiliated organizations.
16 The CCF’s bylaws provide that the CCF is intended to exist as a support source and a single
17 receptacle for gifts which donors choose to make for the charitable, religious, and educational
18 activities carried on by the RCBSR and its affiliated institutions. The CCF is governed by a Board
19 of Trustees. The CCF also serves as an investment platform for the parishes and other institutions
20 in the Diocese. As of January 31, 2023, the CCF holds approximately \$15.21 million in restricted
21 or trust funds of others and approximately \$838,000 in unrestricted funds.

22 12. Catholic Charities of the Diocese of Santa Rosa (“Catholic Charities”) was
23 incorporated in 1979 under California law as a public benefit corporation. Catholic Charities
24 engages in charitable activities in the Diocese, including, but not limited to, providing counselling
25 services, education and training services for the handicapped and other persons, services designed
26 to promote the physical, social and psychological needs of the aged, the aging, and the youth of the

27 ² The one exception is that the real property belonging to Pastor of Holy Family Catholic Church
28 of American Canyon, a corporation sole, was transferred to it by deed recorded in June 2018, which
was a requirement of the bank for that parish to secure a loan to construct its own church building.

1 various communities within the Diocese, the furnishing of food, clothing, shelter and financial aid
2 to the needy, participating in narcotic rehabilitation and drug abuse programs, participating in
3 community planning in the field of social welfare, and coordinating the activities of the various
4 charitable and welfare agencies of the Diocese. Catholic Charities is governed by a Board of
5 Directors.

6 13. Cardinal Newman High School ("CNHS") opened in 1964 and is an unincorporated
7 association with its own operations separate from the RCBSR. CNHS has its own Constitution,
8 Board of Regents, bylaws, financial systems and controls, and employer identification number.
9 CNHS processes its own payroll. There is no commingling of funds, nor any financial oversight
10 or control by the RCBSR, other than annual financial reports to the RCBSR. CNHS is responsible
11 for maintaining accreditation under the Western Association of Schools and Colleges (WASC) and
12 the Western Catholic Education Association (WCEA).

13 14. Most of the campus of CNHS was destroyed in the 2017 wildfires. Since then,
14 CNHS has organized and run its own capital campaign to raise funds to rebuild the campus. These
15 funds and insurance have allowed CNHS to rebuild portions of the campus, including repairing
16 existing classrooms and facilities, building a new 2-story classroom building (already opened), and
17 a student life center (to open in May of this year). CNHS is committed to rebuilding the destroyed
18 administration building and updating other facilities impacted by the fire.

19 15. The CNHS is supported by a separately incorporated foundation named the Angela
20 Merici and John Henry Newman Foundation, Inc. ("AMJHN"). The AMJHN is a California non-
21 profit religious corporation formed in 2005. The bylaws state the specific purpose for the AMJHN
22 is religious, charitable and educational activities exclusively to support the CNHS and shall include,
23 but not be limited to, holding and managing assets and property for educational purposes in
24 furtherance of the objectives and priorities established jointly by the Board of Trustees of the
25 AMJHN Foundation and the Board of Trustees of the CNHS.

26 16. Several of the separately incorporated parishes operate schools, such as St. Vincent
27 de Paul of Petaluma and several other elementary schools. Each of the schools is affiliated with a
28 parish or order and are not operated by the RCBSR. Each of these schools is controlled by the

1 parish affiliated with the school. The RCBSR Superintendent of Schools oversees the curriculum
2 for the elementary schools and provides support for the principals, but otherwise they are
3 autonomous and do not receive financial support from the RCBSR.

4 17. There are four cemeteries within the Diocese of Santa Rosa that are operated as a
5 separate unincorporated association through the RCBSR's Department of Cemeteries. These are
6 Calvary Catholic Cemetery in Santa Rosa and in Petaluma, Holy Cross Catholic Cemetery in St.
7 Helena, and Saint Francis Solano Catholic Cemetery in Sonoma (collectively, the "Cemeteries").
8 The Cemeteries are run by an Associate Director with their own funding, separate employer
9 identification numbers, and report to the RCBSR. As of December 31, 2022, the Cemeteries held
10 approximately \$6.4 million in funds in a separate account dedicated to pre-need and cemetery
11 operations and maintenance. Title to the real property for the Cemeteries is held in resulting trust
12 by the RCBSR. Some Parishes operate their own cemeteries as well.

13 18. The Parishes, RCWC, CCF, Catholic Charities, CNHS, and Cemeteries are hereafter
14 referred to collectively as the "Non-Debtor Catholic Entities."

15 19. The RCBSR is a party to a Services Agreement with each Parish, and with an
16 affiliated separate corporation Marian Sisters of Santa Rosa, pursuant to which the RCBSR
17 provides certain services to obtain efficiency via pooled resources. The RCBSR provides services
18 including appointment of priests and permanent deacons, maintains the remuneration policy for
19 priests (including retirement plans and health insurance plan), while the parishes pay for these items
20 organized and administered by the RCBSR. The RCBSR provides a defined contribution
21 retirement plan and health and life insurance plans for lay personnel for which the parishes pay.
22 Insurance coverage packages for buildings, liability, workers compensation, and earthquakes are
23 also provided from a pooled insurance plan. Parishes are provided with retained legal services and
24 human resources management as well as financial guidance in the form of human resource and
25 financial management handbooks, backed by personnel in the chancery office to assist as questions
26 arise. In addition, the services agreement ensures compliance with Canon Law and promotes
27 consistent policies and procedures within the Diocese of Santa Rosa. Each Parish pays the RCBSR
28 a service fee as compensation for the services provided currently set at approximately 9.1% of the

1 Parishes' annual total revenue from the prior year.

2 20. Except as otherwise stated herein, each of the Non-Debtor Catholic Entities owns
3 its own property, finances its own activities, manages its own assets and is responsible for its own
4 business and corporate activities. The Non-Debtor Catholic Entities have not sought bankruptcy
5 relief and are not debtors in this bankruptcy case. However, certain of the Parishes and other Non-
6 Debtor Catholic Entities are named in many of the approximately 207 pending abuse cases, for
7 alleged abuse which generally is alleged to have occurred before they were separately incorporated.
8 Because liability for alleged abuses which occurred before incorporation are in effect diocesan
9 liabilities and they are all covered under the same insurance policies, the RCBSR has been
10 defending those Non-Debtor Catholic Entities against those claims. In addition, I am informed and
11 believe that it is the Debtor in Possession's position that the automatic stay halts those lawsuits
12 including those against the Non-Debtor Catholic Entities that are covered by the same insurance as
13 the RCBSR.

14 C. The Clergy Sex Abuse Crisis and the RCBSR Response

15 21. A tragedy that runs contrary to every teaching and tradition of the Church³ has
16 unfolded in the Church as a whole and in the RCBSR as well; certain clergy and others took
17 advantage of their positions of trust and respect in the community to abuse children (the "Abuse").
18 The Church as a whole, and the RCBSR in particular, is committed to providing for all survivors
19 of Abuse, known and yet to be known, in a fair, just and equitable manner with the available
20 resources of the RCBSR.

21 22. Prior to 2002, the Diocese had protocols in place to respond to reports of sexual
22 abuse. Among other things, the RCBSR established a written policy for its existing policies and
23 practices to address issues of sexual abuse of minors. The RCBSR also published updated
24 requirements for child abuse prevention and reporting requirements to clergy, principals and
25 administrators. Under the protocols, survivors were offered assistance in the form of counseling
26 and pastoral assistance. Such assistance has been provided to survivors for up to as long as twenty

27
28 ³ References to the term "Church" refer to the universal church of Roman Catholic belief, seated in the Vatican and currently headed by Pope Francis.

1 years and continues to this date. Although there was one instance in 2008 of delayed reporting, the
2 RCBSR continues to follow all reporting laws and does regular education of clergy and staff on
3 those reporting laws.

4 23. In the spring of 2002, the U.S. Bishops adopted the *Charter for the Protection of*
5 *Children and Young People* (the “Charter”), which adopted a “one strike” policy regarding clergy
6 serving in any active, public ministry, and also included:

- 7 • permanent removal from active ministry of any priest or deacon with a
8 substantiated allegation of sexual abuse of a minor;
- 9 • requirement of criminal background checks for adults, including clergy, who work
10 with children and youth;
- 11 • implementation of educational programs for the prevention of child sexual abuse
12 for both adults and children;
- 13 • provision of behavioral guidelines/ethical standards for ministry;
- 14 • establishment of outreach for survivors; and
- 15 • creation of a review board to make recommendations to the diocesan bishop about
16 substantiation of accusations against clergy and to oversee policy implementation.

17 Not only has the RCBSR continuously satisfied the Charter, but it has taken additional steps not
18 required by the Charter to protect children from abuse and to provide healing for those who have
19 been harmed. Examples of the measures taken by the RCBSR include:

- 20 • established a Safe Environment Coordinator in each parish and school to monitor
21 and assure compliance with the Charter;
- 22 • hiring a safe environment coordinator to oversee implementation of all
23 requirements to promote the safety of children and youth;
- 24 • responding as needed to assist people who have been abused or affected by abuse;
- 25 • in some instances, offering counseling for claimants whose cases have been
26 dismissed or settled;
- 27 • implementing a Diocesan Review Committee comprised of lay people and clergy,
28 to review claims of sexual abuse and advise the Bishop;⁴
- requiring fingerprinting of employees and clerics;
- requiring Safe Environment education for priests, deacons, staff and volunteers in
all parishes and schools;
- providing age-appropriate education for school and religious education children to
equip them with the skill to help them protect themselves from abuse; and
- participating in annual compliance audits, conducted by independent auditors, to
review the implementation of policies and procedures regarding the protection of

⁴ The Diocesan Review Committee also reviewed all claims that had been made historically to
determine if anything else needed to be done with respect to those claims.

1 children.

2 24. In 2019, the RCBSR published the names of clergy against whom previous credible
3 claims had been made. The list was published in the Diocesan Newspaper, as well as secular press
4 and is maintained on the Diocese of Santa Rosa website.

5 25. The Diocesan Review Committee (“Committee”) meets regularly to discuss any
6 matters of concern, and as needed, to give the Bishop advice regarding claims brought forward
7 which involve priests not previously identified or claims which seem to be more unusual. Further,
8 the Committee is active in reviewing, at least annually, the Diocesan Policy for the Protection of
9 Children and Youth. For instance, we recognized that the issue of pornography was not adequately
10 included in our Policy and so work is currently underway to assure a strong statement regarding
11 pornography. This will involve not only child pornography but also that pornography which depicts
12 adults as children. Another revision involves clarifying the understanding of “vulnerable persons,”
13 a category of persons broader than children and youth.

14 26. The Diocese of Santa Rosa has actively worked with survivors (with or without
15 attorneys) to provide some compensation for the harm which they suffered.

16 27. The Diocesan resources for Child Protection are available on its website at
17 <https://srdiocese.org/child-and-youth-protection>. These resources include the Diocesan Policy for
18 the Protection of Children and Young People, the Charter, Code of Conduct, Survivor Assistance
19 resources, Fingerprint Policy, Safe Environment policy, How to Report Child Abuse, contact
20 information for the Diocesan Director of Child and Youth Protection, Circle of Grace, and other
21 resources.

22 28. As noted above, the RCBR and its insurers have paid more than \$35 million over
23 the past 20 years. This comes from prior global settlements when California previously revised the
24 statute of limitations in 2003 of approximately \$31 million (\$12 million from the RCBSR and \$19
25 million from insurance) and approximately \$4 million over the years 2018 to 2022 (\$3,169,301
26 from the RCBSR and \$865,000 from insurance).

27 D. Events Leading to the Commencement of the Chapter 11 Case

28 29. Until recently, the RCBSR has maintained financial viability while funding

1 compensation for Abuse survivors and continued litigation regarding claims of sexual abuse. In
2 the past 20 years, the RCBSR and its insurers have paid more than \$35 million in legal settlements
3 in an effort to fulfill the RCBSR's responsibility for abuse of minors by a diocesan clergy.

4 30. The RCBSR with its counsel Shapiro Galvin Shapiro & Moran have investigated
5 and taken action as to any credible allegation of abuse. We are reviewing all of the information
6 currently available regarding the approximately 207 lawsuits under existing protocols to determine
7 what action must be taken with respect to any allegations involving living clergy in service at this
8 time.

9 31. Based on our experience in past situations, the RCBSR expects the initial demands
10 to be more than \$2 million per claim. Based on these demands, I am informed and believe that the
11 RCBSR's total exposure is likely to exceed its assets. The RCBSR is a not-for-profit religious
12 organization with limited resources, including very limited or no insurance coverage for many of
13 the 207 lawsuits pending against it. Thus, this avalanche of lawsuits puts the RCBSR in immediate
14 and dire financial distress and in need of a forum to resolve these claims while continuing to serve
15 the faithful and those in need.

16 32. Although there has been no claim of abuse having occurred within the past 12 years
17 approximately, that does not diminish the pain and horrific acts which occurred before then, and
18 which have affected far too many. The RCBSR is committed to preventing abuse from ever
19 occurring again in the Diocese. Rebuilding the confidence of our congregants and society is a
20 paramount goal for everyone in the Diocese.

21 E. The Reorganization Case

22 33. The RCBSR does not seek chapter 11 relief to avoid responsibility for past
23 misconduct by clergy, nor to hide the truth or to deny claimants their day in court. The RCBSR is
24 committed to pursuing the truth on all allegations of abuse. As noted, the RCBSR has made and
25 requires criminal referrals to be made for all credible allegations of sexual abuse. Bishop Vasa has
26 apologized for the past misconduct of the personnel of the Diocese and meets with survivors
27 whenever requested to bring comfort to such individuals, as did his predecessor. The Diocese has
28 established stringent standards for the training and background assessment of all employees, clerics

1 and volunteers who will likely interact with children and young people.

2 34. The RCBSR has filed this bankruptcy case as a further step toward fulfilling its
3 moral obligation to try to compensate all Abuse survivors fairly and within a reasonable amount of
4 time. As a result, the RCBSR cannot allow any single plaintiff to recover a disproportionate share
5 of the limited funds available from the RCBSR and its insurance simply because that plaintiff's
6 case proceeds to trial first. Through this bankruptcy case, the RCBSR seeks to ensure that fair,
7 equitable, and reasonable recoveries are available to individuals with bona fide abuse claims
8 through an expedited resolution mechanism.

9 35. In addition to the RCBSR's obligations to all of its creditors, the Diocese has a
10 foundational and moral obligation to the Catholic faithful it serves, to the donors who have
11 entrusted the Diocese with donations to serve the Diocese' missions, and to the larger communities
12 which it serves, to continue the ministries of the Church in fulfillment of the Debtor's canonical
13 and secular legal purposes. In order to fulfill these obligations, the RCBSR must survive.

14 36. I understand the Bankruptcy Court provides a forum and the Bankruptcy Code
15 provides a mechanism whereby all the claims can be determined and paid on a fair and equitable
16 basis and ensures that all claimants with similarly situated claims are essentially treated the same.
17 The RCBSR requires the Bankruptcy Court's protection and the protection of the bankruptcy laws
18 to make fair and equitable payment of the claims against it, including the survivors of abuse, trade
19 creditors, the Parishes and others.

20 37. The RCBSR's goals in seeking chapter 11 relief are twofold: to protect and preserve
21 the RCBSR's assets that are properly available for distribution to the RCBSR's creditors and ensure
22 that whatever assets can be marshaled be distributed equitably to all creditors, not just a few; and
23 to continue the work of the Church within the Diocese to the fullest extent possible using the
24 resources dedicated to those purposes.

25 38. The RCBSR intends to negotiate a plan of reorganization as early as possible which
26 will: (a) allocate the RCBSR's remaining assets fairly among the legitimate competing interests for
27 such property; (b) provide a process to fully, fairly and expeditiously liquidate claims of Abuse
28 survivors; and (c) permit the RCBSR to carry on the RCBSR's essential ministries and services so

1 the RCBSR can continue to meet the needs of the Non-Debtor Catholic Entities, parishioners, and
2 others who rely on the RCBSR's ministry, education, and charitable outreach.

3 39. An expeditious reorganization process is extremely important given the Debtor's
4 limited resources and because it is a not-for-profit religious corporation. The Diocese is dependent
5 upon the charity of its faithful to sustain its very existence. This bankruptcy may cast a shadow
6 upon the RCBSR, the Parishes, and the various Non-Debtor Catholic Entities and their numerous
7 ministries. Some faithful may believe that, going forward, their charitable gifts to any Catholic
8 entity will be diverted from their intended purpose and used to satisfy the claims of the Debtor's
9 creditors rather than to fund the ongoing ministries of the Church that benefit the faithful and their
10 community. The Debtor in Possession will use its best efforts to dispel this misconception by
11 communicating openly and often about the chapter 11 process. However, I respectfully submit that
12 the best way to alleviate any of these concerns is to address the insurmountable abuse claims in the
13 bankruptcy forum and emerge from bankruptcy as soon as reasonably possible.

14 I declare under penalty of perjury that the foregoing is true and correct. Executed on March
15 13, 2023, at Santa Rosa, California.

16 /s/ Deacon Joe Oberting
17 Deacon Joe Oberting
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